



FACTS ON FILE

WORLD NEWS DIGEST WITH INDEX

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WORLD AFFAIRS

FAR EAST

Formosa Issue to Congress President Asks Policy Vote

Pres. Eisenhower sent a special message to Congress Jan. 24 asking emergency authorization to use U.S. armed forces to protect Formosa & the Pescadores Islands.

Proclaiming his hope for peace, the President expressed the belief that a clarified U.S. defense policy would reduce rather than increase the possibilities of armed conflict in the Far East. He stressed these points:

- The U.S. & all free nations had a common interest that Formosa & the Pescadores "should remain in friendly hands." Under these circumstances, the U.S. 7th Fleet had defended Formosa & the Pescadores from Communist attack since 1950, would continue to do so.

- Recent Communist air, artillery & amphibious attacks on Quemoy & the Tachens (culminating in invasion of Yichiang*), in addition to Red China's avowed intention to "liberate" Formosa, made it necessary for the U.S. to be ready to (1) assist in the re-deployment & consolidation of Nationalist forces (an indirect reference to a possible evacuation of the Tachens) and (2) "take appropriate military action" against Communist forces massed on near-by islands or on the mainland for an invasion of Formosa.

- The Admin. believed that the situation was appropriate for Formosa Strait cease-fire efforts by the UN. However, the current critical situation required the U.S. to take steps for peace without awaiting UN action.

- The emergency powers sought by the President were no substitute for the recently-signed mutual defense treaty with Natl. China. It was now more important than ever that this pact be approved & put into force.

*Spelling generally used by press & recognized by Natl. Geographic Society Jan. 24 as "popular" spelling. "Authentic" spelling listed by NGS: Ichiang. [See p. 17E3]



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After the reading of the President's message Jan. 24, identical resolutions embodying his requests were introduced by House Forgn. Affairs Com. Chrmn. James P. Richards (D., S.C.) & Senate Forgn. Relations Com. Chrmn. Walter F. George (D., Ga.). The resolutions gave Pres. Eisenhower unlimited authority to use U.S. armed forces for the security of Formosa & the Pescadores. They said the authority would expire "when the President shall determine that the peace & security of the area is reasonably assured." (It was commonly understood that the term "armed forces" in the resolutions referred only to naval & air power, since the Admin. believed Natl. Chinese ground forces were sufficient.)

House Acts, Senate Waits

The House of Reps. adopted the joint resolution without change Jan. 25 after only 3 hours of debate. The vote: 409-3. Opposed: Graham Barden (D., S.C.); Eugene D. Siler (R., Ky.); Timothy P. Sheehan (R., Ill.). Pres. Eisenhower responded with a declaration that this "remarkable unity" would serve U.S. security.

(Some Democrats, among them House Speaker Sam T. Rayburn [D., Tex.], expressed fear Jan. 25 that the President was creating a "dangerous" precedent by asking Congress for authority they believed he already had under the Constitution.)

The Senate Forgn. Relations & Armed Services Coms. jointly approved the Presidential resolution Jan. 26 by 27-2. Opposed: Wayne Morse (ind., Ore.) & William Langer (R., N.D.). The vote followed 2 days of private hearings during which the Joint Chiefs of Staff were questioned. The committees turned down, 20-8, amendments offered by Sens. Hubert H. Humphrey (D., Minn.) & Estes Kefauver (D., Tenn.) to exclude U.S. military commitments from the lesser islands off the Chinese mainland.

Morse told the Senate Jan. 26 that a threat of U.S. "aggression" & preventive war was implicit in the resolution. Minority leader William F. Knowland (R., Calif.) denounced Morse for leading the Communist world to believe the U.S. was ready to provoke an Asian war. Sen. Ralph E. Flanders (R., Vt.), announcing his opposition to the resolution Jan. 26 (he had approved it in committee), said "this is preventive war." Indications were that Senate debate on the resolution would continue several days.

Wilson on Formosa 'Ripple'

Defense Secy. Charles E. Wilson, while giving the House Armed Services Com. an annual briefing on defense policy Jan. 26, said the Formosa

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Week in Headlines

International

Eisenhower asked Congress for advance approval of any military move he might make to repel Red invasion of Formosa; House passed, Senate debated resolution.

Red China invited relatives to visit imprisoned U.S. fliers.

Russia ended state of war with Germany, renewed demand that West Germans drop rearmament plans.

Egypt asked Arab League conference to oppose Iraqi pact with Turkey.

Costa Rican rebels quit.

United States

President's Economic Report optimistic on jobs & production in 1955, tax cut in 1956.

Admin. officials gave Congress details of Eisenhower program.

First Communist convicted under Smith Act "membership" clause.

situation need not delay military manpower cutbacks. Wilson told the committee: "This Formosa business is just a little ripple . . ." Later Wilson said his language was "inept" & he did not minimize the Formosa crisis.

Chou Vows Formosa Attack

Red Chinese Premier-Forgn. Min. Chou En-lai reasserted Jan. 24 the Communists' intention to conquer Formosa. He rejected any idea of a cease-fire in the Formosa area and accused the U.S. of "using war threats & brandishing atomic weapons to force the Chinese people into tolerating" the "occupation" of Formosa.

Chou's statement, broadcast by the Peiping radio just before Pres. Eisenhower's special message to Congress, said American forces must leave Formosa & stop "interfering in Chinese internal affairs." Chou accused the U.S. of using the Red conquest of Yichiang Island as an excuse for increasing "its military operations to make war provocations." He cited part of Art. 2, Para. 7 in the UN Charter, which disqualifies UN intervention in the domestic affairs of any state, in his argument that the UN had no right to intervene in the threatened conquest of Formosa.

(Charter Chapt. VII empowers the Security Council to call for the use of force if necessary to combat "any threat to the peace . . . or act of aggression.")

UN Truce Move Delayed

Washington press reports Jan. 26 said the U.S. State Dept. favored a delay in UN action on a cease-fire in Formosa Strait until the U.S.-Natl. Chinese mutual defense treaty had been ratified and Congress had granted Pres. Eisenhower the emergency defense authorization he requested. UN delegations in New York

REFERENCES in brackets give location of background information in this & preceding volumes of FACTS ON FILE with Cumulative Index.

were reported generally disposed to wait & see whether the U.S. planned defense of the Quemoy & Matsu Islands. Prime Min. Sidney G. Holland of New Zealand, who talked with Pres. Eisenhower & State Secy. Dulles in Washington Jan. 21, said Jan. 24 that New Zealand, a UN Security Council member, would take any possible action toward a solution of the Formosa Strait situation.

Eden Defends Eisenhower

British Forgn. Secy. Anthony Eden, defending U.S. policy toward Formosa against Laborite critics in a House of Commons debate Jan. 26, said the Eisenhower message to Congress "emphasized the purely defensive nature of the (U.S.) arrangement with the Chinese Nationalists." Ex-Prime Min. Clement R. Attlee called the U.S. position "an intervention in a (Chinese) Civil War."

U.S. Reinforcements Arrive

Vice Adm. Alfred M. Pride, commander of the U.S. 7th Fleet, arrived in Taipeh from Hong Kong Jan. 23 and went into immediate conference with American & Natl. Chinese officials, including Generalissimo Chiang Kai-shek. Pride reportedly went to Formosa to make plans for 7th Fleet participation in an evacuation of Natl. forces from the Tachens, where the Reds already had achieved air & naval superiority. The Natl. Govt. reportedly agreed "in principle" to such an evacuation Jan. 26, but a Natl. official said final consent would depend on whether or not the evacuation was related to a UN cease-fire move, which the Chiang Kai-shek Govt. strongly opposed. A small group of civilian evacuees from the Tachens arrived on Formosa Jan. 25 by ship without a U.S. escort.

Adm. Pride said in Taipeh Jan. 24, after Pres. Eisenhower's message to Congress, that the 7th Fleet was strong enough to cope with any situation and deployed in the best way possible for its mission. He revealed that the fleet had been augmented by 3 aircraft carriers (*Essex*, *Yorktown* & *Kearsarge*) rushed from Manila, making 5 carriers in all available. Both the Peiping radio & a Formosa newspaper reported that a large number of U.S. naval planes maneuvered north of Formosa Jan. 26.

Warfare in Formosa Area

The Natl. Chinese Defense Ministry announced Jan. 21 that the last of 720 guerrilla defenders on Yichiang Island, near the Tachens, had succumbed to Red Chinese invaders the night before after killing 1,500 of the attackers. The ministry reported heavy Nationalist air attacks Jan. 20 in the Foochow area. It said at least 44 Red craft, including 9 gunboats, had been sunk.

(The 1,717-ton British coastal freighter *Edendale* was sunk by Natl. planes in Swatow harbor Jan. 19. A Nationalist spokesman said the ship was not flying the British flag. Britain delivered a protest over the sinking to the Formosa Govt. Jan. 22.)

An announcement in Taipeh Jan. 22 said the 10 members of the American military mission on the Tachens had been safely evacuated to Formosa Jan. 20. The Natl. AF reported it had destroyed 22 more Red vessels, including 2 gunboats, in raids along the mainland coast Jan. 21. Communist planes showered surrender leaflets on the Tachens Jan. 21. 10 armored Red junks attacked the small Natl. island of Kaotang, near the island bastion of Matsu, Jan. 23. The Nationalists reported that an artillery barrage had routed the fleet, crippling 5 of the junks.

Natl. planes continued to bomb Communist invasion forces reportedly massed near the Tachens. Natl. intelligence reports said the Reds were continuing to move up air, naval & land forces for a Tachen invasion. Yichiang was attacked by Natl. planes Jan. 21, 22, 26 & 27. [See p. 173E3]

Reds Invite PWs' Families

An invitation by Red China for families of 17 American imprisoned as spies to visit the men in China was announced Jan. 21 in Peiping & at UN Hq. in New York. The U.S. State Dept. said it would not "encourage" such visits because it could not offer the families "normal protection" enjoyed under a U.S. passport. Henry Suydam, State Dept. press officer, challenged the Reds to demonstrate sincere "concern for human suffering" by releasing the 17 Americans from their unjust imprisonment. UN Secy. Gen. Dag Hammarskjöld said he had "no doubt" that families accepting the Red invitation would be safe in China. The American Red Cross offered to help pay for the trips. None of the families concerned had made definite plans to accept the invitation by Jan. 26. [See p. 17B1-D3]

EUROPE

Russo-German War Ended

The Soviet Union Jan. 25 formally ended its state of war with Germany in effect since June 22, 1941. A decree of the Presidium of the Supreme Soviet contained the announcement. It said Russia would retain "rights & obligations" derived under the Yalta & Potsdam agreements concerning Germany as a whole.

(Moscow previously had recognized the East German Govt. [see Vol. XIV, p. 99E2] and offered what amounted to recognition of West Germany in exchange for rejection of the Paris rearmament pacts.) [See p. 19F1]

U.S. State Dept. officials Jan. 25 termed the Russian move ending the state of war with Germany a "frantic" attempt to block Western rearmament plans. They pointed out that the U.S. formally ended its war with Germany Oct. 19, 1951.

West German Social Dem. leader Erich Ollenhauer, an opponent of rearmament, said Jan. 25 the Soviet declaration was designed to facilitate 4-power negotiations on German reunification. A statement from the West German Cabt. Jan. 26 welcomed the Russian declaration but said its

"value is considerably limited" by the reservation of rights derived under the 4-power agreements on Germany. The Cabt. urged Russia to accept a peace treaty "concluded in full freedom" with a unified Germany. East German Pres. Wilhelm Pieck said Jan. 26 the Russian move was a great aid to the German people in their struggle for unity. [See p. 2C3]

Friendship Threats Answered

Britain & France delivered formal notes to Moscow Jan. 26 deploring Russia's threat to annul its mutual assistance & friendship treaties with the 2 nations in the event of West German rearmament. Both Britain & France reasserted their determination to achieve ratification of the Paris rearmament pacts.

The British message noted that East Germany had "long possessed considerable armed forces" and that West Germany, in turn, "cannot any longer be denied its rights, including the right to defense." Britain rejected the Soviet contention that British participation in the Paris agreements was contrary to obligations under the Anglo-Soviet treaty of 1942. [See Vol. XIV, p. 422C2]

German Strike Affects WEU

About 800,000 Ruhr coal miners & steel workers staged a one-day strike Jan. 22, ostensibly in protest against a statement by Dr. Herman Reusch, Gutehoffnungs steel combine gen. mgr., that unions blackmailed employers & the Govt. to win co-management rights in West German industry. The strike was popularly accepted in West Germany as a show of strength by organized labor opposed to West German rearmament & the Western European Union defense plan (opposed by both labor leaders & the Social Dem. party). Chancellor Adenauer broadcast to the Ruhr strikers Jan. 22 a statement disclaiming Govt. association with Reusch's remark, promising to uphold labor's rights and urging that West Germans spurn recent Soviet offers on unification of Germany. [See p. 19G1]

Actions on Paris Pacts

The Greek Parliament Jan. 18 unanimously ratified West German rearmament & entry into NATO. (It approved same day the 20-yr. Greek-Turk-Yugoslav pact.) [XIV, 366C2]

The Belgian lower house of Parliament ratified West German rearmament & formation of a WEU Jan. 20 by 181-9 (2 abstentions).

Portugal's Natl. Assembly unanimously approved West German entry into NATO Jan. 25.

The Canadian House of Commons Jan. 26 approved West German rearmament & entry into NATO by 213-12. [See Vol. XIV, p. 429E1]

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Yugoslav ex-Vice Pres. Milovan Djilas & Vladimir Dedijer, official biographer of Marshal Tito, were found guilty Jan. 25 in Belgrade of waging propaganda against the Govt. (Djilas, with Dedijer's support, had said in an article for the newspaper *Borba* & a statement to the foreign press that there should be more political freedom in Yugoslavia.) Djilas was given an 18-mo. prison sentence and Dedijer a 6-mo. sentence but both were released on terms of probation running 3 & 2 yrs., respectively. [See Vol. XIV, p. 430G2] . . . Anastas I. Mikoyan was relieved as Soviet Trade Min. (reportedly at his own request) but remained a Deputy Prime Minister, Tass reported Jan. 24. Dimitri V. Pavlov, advocate of more heavy industrial production (Mikoyan had stressed consumer production), became Trade Min.

■■■■■■■■■■ MIDDLE EAST ■■■■■■■■■■

Iraq, Turkey Plan Pact

Iraqi Premier Nuri as-Said announced Jan. 12 that Iraq would sign a mutual security treaty with Turkey in the near future. The pact was to be similar to those between Turkey, a NATO member, and Yugoslavia [see Vol. XIV, p. 266C2] & Pakistan. [Vol. XIV, p. 112G1]

Maj. Gen. Mohammed Rafiq Arif, Iraqi Army Chief of Staff, said Jan. 13, after the treaty announcement, that Iraq hoped to receive larger allocations of U.S. military equipment, including jet aircraft. [See Vol. XIV, p. 135A3]

Iraq's plan to make an alliance with Turkey aroused the opposition of Egypt & other members of the Arab League & its 1950 Arab collective security alliance. Egypt Jan. 16 called a conference of Arab Premiers to consider what Egypt termed the threat to Arab unity posed by the Iraqi-Turkish decision.

■■■■■■■■■■ NATIONAL AFFAIRS ■■■■■■■■■■

EISENHOWER PROGRAM

The Economic Report

Pres. Eisenhower told Congress in his annual Economic Report Jan. 20 that the U.S. economy had recovered from 1954's "contraction" and that he saw "promise" of "a high & satisfactory level of employment & production within the current year." He barred tax cuts this year but virtually predicted "a general, though modest, reduction in taxes" in 1956. He urged a study of the effect that growing private pension plans were having on the U.S. economy.

Govt. Action Vs. 'Contraction'

The President largely credited Admin. action for the fact that 1954's economic "contraction" was "relatively mild & brief." He listed 6 "lessons" learned from "our latest encounter with the business cycle":

(1) "Wise & early action by the Govt. can stave off serious difficulties later"; (2) "contraction may be stopped in its tracks even when governmental expenditures & budget defi-

Menderes Seeks Mid-East Unity

Turkish Premier Adnan Menderes visited Iraq & Lebanon Jan. 6-18 in an effort to bring both nations into a Middle East collective security system not based on the Arab League. In a policy statement Dec. 27, Menderes had in effect rejected Egypt's proposal that Turkey join a regional alliance connected with the Arab League. He offered Jan. 18 to visit Cairo in an attempt to secure Egyptian participation in the Iraqi-Turkish alliance. An Egyptian announcement Jan. 20 said Premier Gamal Abdel Nasser would be unable to meet with Menderes in Cairo or Turkey.

A joint Lebanese-Turkish communiqué Jan. 18 indicated that Menderes had not immediately succeeded in bringing Lebanon into the Iraqi-Turkish alliance, but that talks would continue.

Cairo Conference Opens

Egyptian Premier Nasser presided Jan. 22 at the opening meeting of the Cairo conference attended by the Syrian, Jordanian, Saudi Arabian and Lebanese Premiers. Iraqi Premier Said declined to attend on the ground of illness, but announced Jan. 23 that he might go to Cairo in a few days.

An Egyptian Forgn. Office spokesman said Jan. 22 that Egypt opposed the Iraqi-Turkish treaty because "Iraq has put new responsibilities on her partners in the Arab collective security pact without first consulting them." (Article 2 of the Arab pact commits the signatories to give military aid to a member that becomes a victim of aggression. Thus an attack on Turkey, and on Iraq as Turkey's ally, theoretically would involve other Arab states. It was reported that Egypt also was concerned over a possible loss of prestige for itself & the Arab League.)

cits are declining, provided effective means are taken for building confidence"; (3) "monetary policy can be a powerful instrument of economic recovery, so long as the confidence of consumers & businessmen in the future remains high"; (4) "automatic stabilizers, such as unemployment insurance & a tax system that is elastic with respect to the national income, can be of material aid in moderating cyclical fluctuations"; (5) "a minor contraction in this country need not produce a severe depression abroad"; (6) "an expanding world economy can facilitate our own readjustments." [See p. 11E1]

Output Dropped in 1954

The report, prepared with the aid of the President's Council of Economic Advisers, disclosed that gross national production dropped from \$364.9 billion in 1953 to \$357.1 billion in 1954. In the same period: Disposable personal incomes rose from \$250.1 billion to \$253.6 billion; average monthly employment declined from 61,894,000 to 61,238,000; average monthly unemployment rose from

1,523,000 to 3,230,000; the average factory work week declined from 40½ hours to 39.7; average factory wages rose from \$1.77 an hour to \$1.81; after-tax corporation profits dropped from \$18.3 billion to \$17.8 billion, and the consumer price (cost-of-living) index rose from 114.4% of the 1947-49 average to 114.9%

Legislative Proposals

Among legislative recommendations made in the Economic Report:

Taxes. Postpone corporate income & excise tax cuts scheduled for Apr. 1 [see p. 11F1]. Reduce the tax rate on corporate income from foreign sources by 14 percentage points [see p. 12F1]. Permit corporations with foreign branches to defer tax on branch income until it is withdrawn from the country in which it was earned. Allow a regulated income investment company, holding the bulk of its assets in the form of tax-exempt securities, to pass the tax exemption to its shareholders.

Forgn. Trade. Extend the reciprocal trade program for 3 years and authorize the President to reduce tariffs as previously recommended in the Jan. 10 message on foreign economic policy [see p. 12E1]. Establish simple, clear & logical standards for valuation of imported goods. Increase tourists' duty-free import allowances. Authorize contribution to the proposed Intl. Finance Corp. Strengthen technical & other aid programs for economically underdeveloped countries.

Housing. Authorize 35,000 additional low-rent public housing units a year for 2 years [see p. 20A3]. Increase the FHA's insurance authorization. Give the President authority to vary terms on Govt.-insured mortgages "in the light of economic conditions." Let national banks take 20-yr. mortgages and make longer construction loans.

Business. Raise the maximum fine under the Sherman Anti-Trust Act. Continue the program of aid to small businesses. Consider federal insurance for credit union accounts.

Miscellaneous. Increase the statutory debt limit [see p. 19B3]. Give federal employees social security coverage. Raise the minimum wage to 90¢ an hour and extend coverage to more workers. Expand programs for fellowships, research, teacher training & related activities. Take early steps to help relieve the classroom shortage. Approve the 10-yr. highway program [see p. 13B1]. Provide funds for an Office of Co-Ordinator of Public Works Planning.

'Suggestions' to States

Among "suggestions" for state or municipal action made by the President in his Economic Report:

(a) Consider giving unemployment insurance to employees of states, local governments & employers of fewer than 4 persons; (b) consider increasing unemployment insurance benefits (to at least half of a recipient's normal earnings) and extending payments to 26 weeks; (c) expedite urban renewal plans so as to obtain available federal assistance.

Economists Pessimistic

8 economists predicted before the Joint Congressional Com. on the Economic Report Jan. 26 that U.S. production would not increase enough in 1955 to bring unemployment below 1954 levels. 5 of them thought joblessness would increase. All foresaw a decline in farm income during 1955.

Leon H. Keyserling, chief economic adviser during the Truman Admin., warned that the 3% output increase forecast for 1955 could not "absorb new entries into the labor force & keep up with the advancing technology." He said a 6% increase was needed for maximum employment.

The other economists at the session: Gerhard Colm*, Natl. Planning Assn. economist; Calvin Hoover*, Duke U. economics prof.; Heinz Luedicke*, Journal of Commerce editor; Stanley Ruttenberg*, CIO research director; Wm. F. Butler, Chase Natl. Bank economist; Martin Gainsburgh, Natl. Industrial Conf. Board economist; Dexter M. Keezer, economics director of McGraw-Hill Publishing Co.

Personnel

Among nominations submitted (& resubmitted) to the Senate:

Jan. 10—Judge John Marshall Harlan as Assoc. Supreme Court Justice [see Vol. XIV, p. 394E2]; Geo. V. Allen as Asst. State Secy.† [see Vol. XIV, p. 146G2]; Asst. State Secy. Henry A. Byroade as Amb. to Egypt [see Vol. XIV, p. 147E1]; Theophil Carl Kammholz as NLRB general counsel [see Vol. XIV, p. 372E1]; Ervin L. Peterson as Asst. Agriculture Secy. & CCC director [see Vol. XIV, p. 416G1]; Jos. Campbell as Comptroller General [see Vol. XIV, p. 416G1]; John von Neumann as Atomic Energy Comm. member [see Vol. XIV, p. 417A2]; Albert Pratt as Asst. Navy Secy. [see Vol. XIV, p. 315B1]; Glen E. Edgerton as Export-Import Bank pres. & Lynn U. Stambaugh as Export-Import Bank first vice pres. [see Vol. XIII, p. 302D3]; Hawthorne Arey, Geo. A. Blowers & Vance Brand as Export-Import Bank directors [see Vol. XIV, p. 416G1]; John L. Tapping as Amb. to Libya; Geo. C. McConaughy as an FCC member [see Vol. XIV, p. 334A2]; David W. Kendall as Treasury general counsel; Philip Alexander Ray as Commerce Dept. general counsel; Intl. Assn. of Machinists Pres. Albert John Hayes as a Natl. Security Training Comm. member [see Vol. XIV, pp. 315E1, 317F2]; Ben F. Guill & G. Jos. Minetti as Fed. Maritime Board members. [See Vol. XIV, p. 315E1]

Jan. 11—Jos. E. Finnegan, 50, N.Y. lawyer, as Fed. Mediation & Conciliation Svc. director, succeeding Whitley P. McCoy (resigned Dec. 1) [see Vol. XIII, p. 224A2]; ex-Sen. Robt. C. Hendrickson (R., N.J.), 56, as Amb. to New Zealand [see p. 3F2]; ex-Gov. John Davis Lodge (R., Conn.), 51, as Amb. to Spain [see Vol. XIV, p. 431E1]; Loy W. Henderson, 62, as an Asst. State Secy.† [see p. 5C3]; Jas. C. H. Bonbright, 51, as Amb. to Portugal [see Vol. XIV, p. 372C2]; Jas. C. Dunn as Amb. to Brazil [see Vol. XIV, p. 431C1]

Jan. 14—Everett Hutchinson, 40, Austin, Tex. lawyer & a Democrat, as an ICC member to succeed Chas. D. Mahaffie, whom the White House had forced to retire (Mahaffie indicated to reporters that he would not fight his ouster) [see p. 3D2]; ICC member Kenneth H. Tuggle for a new term; Gen. Walter Bedell Smith as a Natl. Security Training Comm. member [see Vol. XIV, p. 277A2]; Jas. A. McConnell as an Asst. Agri. Secy. & CCC director [see Vol. XIV, p. 53B3]; Rear Adm. Bartholomew W. Hogan as Navy Surgeon General & chief of the Navy's Bur. of Medicine & Surgery for a 4-yr. term.

Jan. 18—Amb.-to-Viet Nam Donald A. Heath, 60, as Amb. to Lebanon. [Vol. XIV, 355C3, 315D1]

Jan. 24—Asst. Army Secy. Chas. C. Finucane, 49, as Army Undersecy., succeeding John Slezak, who resigned Jan. 8. [See Vol. XIV, pp. 277B2, 36B2]

Ex-Gov. Howard Pyle (R., Ariz.), 48, was appointed Jan. 22 (effective Feb. 1) as a \$15,000-a-yr. Administrative Asst. to the President [see Vol. XIV, p. 363C2]. The White House announced Jan. 13 that ex-Sen. John Sherman Cooper (R., Ky.), 53, would be nominated Amb. to India as soon

as the Indian Govt. formally approved [see Vol. XIV, p. 362F3]. Pres. Eisenhower Jan. 6 designated Chan Gurney as Actg. CAB Chrmn. (his regular term as chairman had ended Dec. 31) [see Vol. XIV, p. 36B2]. It was reported Jan. 10 that David K. E. Bruce, special representative to the European coal-steel pool & only Democrat in a top State Dept. job, had agreed to remain in the State Dept. temporarily as special consultant on Western European unity. [See Vol. XIV, p. 281D3]

Pres. Eisenhower Jan. 8 accepted the resignation (effective Feb. 1) of Asst. Commerce Secy. Jas. C. Worthy. The President Jan. 11 accepted the resignation (effective "in the near future") of Amb.-to-Colombia Rudolf A. Schoenfeld, who planned to retire. [See Vol. XIII, p. 363A-B3]

Army Secy. Robert T. Stevens & Army Counselor John G. Adams Jan. 7 denied published reports that they intended to resign. Sen. Charles E. Potter (R., Mich.) disclosed Jan. 6 that he recently had "informed the Admin." that he still thought Stevens & Adams should quit or be fired because of their involvement in the McCarthy-Army dispute. [See Vol. XIV, p. 207D2]

Other Presidential News

White House Press Secy. James C. Hagerty announced Jan. 26 that the President would make no trips of more than 2 hours by plane away from Washington for the next 2-3 months. This was "not an emergency measure," was partly due to the Formosa situation [see p. 25C1] but primarily because the President wanted to remain in touch with Congress in the interests of his legislative program. . . . Pres. Eisenhower's press conference was filmed by TV & newsreel cameras for the first time Jan. 19, and parts of it were released later for broadcast & theater showing. The White House indicated that subsequent press conferences would be recorded in the same manner and that the White House would decide which parts, if any, would be released. [See p. 18C1]. . . . Pres. Eisenhower said at his Jan. 12 press conference that, at a friendly Govt.'s request, the U.S. might send light military forces abroad to help down rebellion or violent subversion. Normally, such units would not use atomic weapons, he said, but he warned that no limit on weapons could be imposed once nations resorted to force. [See p. 3E1]

CONGRESS

Administration Program

The Eisenhower Admin.'s request for 3-yr. extension of the reciprocal trade program was supported before the House Ways & Means Com. by State Secy. John Foster Dulles & Agri. Secy. Ezra T. Benson Jan. 17, by Commerce Secy. Sinclair Weeks, Defense Secy. Charles E. Wilson, Treasury Secy. Geo. M. Humphrey & Labor Secy. Jas. P. Mitchell Jan 18 and by Forgn. Operations Dir. Harold E. Stassen Jan. 19.

Stassen warned that "the Com-

munist have intensified their economic activities" in "vast areas . . . where huge populations exist at a low standard of living." He said these people "can become better customers for the free world, or they can be lost as far as free world markets are concerned."

Wilson told the committee he favored more trade in non-strategic goods with Soviet-bloc nations, but Pres. Eisenhower said at his Jan. 19 press conference that such testimony did not have his "considered approval." [See p. 12D1]

(Rep. Noah M. Mason [R., Ill.] charged in a House speech Jan. 20 that "under the Reciprocal Trade Agreements Act, practically every foreign country that has lowered its tariff duties has erected other barriers against U.S. imports, thereby nullifying the effect of their tariff concessions.")

Justice Dept. Proposals

Atty. Gen. Herbert Brownell Jr. asked Congress in a series of letters:

Jan. 17—To increase penalties for seditious conspiracy, advocating overthrow of the Govt. & conspiracy to advocate overthrow. He recommended maximums of 20 yrs.' imprisonment & \$20,000 fine. Current maximums, respectively, for the 3 violations: 6 yrs. & \$5,000; 10 yrs. & \$10,000; 5 yrs. & \$10,000.

Jan. 18—To authorize rewards of up to \$500,000 for information on illegal shipment to the U.S. or illegal acquisition in the U.S. of atomic weapons or special nuclear material.

Jan. 20—To allow the Govt. to sue for actual damages sustained as a result of anti-trust violations. He said such losses could be "substantial" since the Govt. was the nation's "largest single purchaser of goods."

Jan. 21—To increase from \$5,000 to \$50,000 the maximum fine for violation of the Sherman Anti-Trust Act. He said the deterrent effect of a \$5,000 fine against a large firm was "almost negligible except for the stigma of conviction."

Brownell urged at a Senate Judiciary subcommittee meeting Jan. 25 that pay of federal judges be increased by \$12,500-\$14,500 a year and of Congress members by \$12,500. Congress members & federal district judges currently received \$15,000. [See p. 11B3]

Other Recommendations

Postmaster Gen. Arthur Summerfield urged Congress Jan. 24 to increase postal rates by \$340½ million a year and to give the 500,000 postal workers pay raises totaling \$129 million a year (minimum raise: 5%). Most significant rate increase would be to boost the first-class letter rate from 3¢ for the first ounce to 4¢, with additional ounces remaining at 3¢. Summerfield said this would add \$237 million a year to postal revenues. He also anticipated additional revenues of: \$14 million a year by raising air-mail rates from 6¢ to 7¢; \$16½ million by 2 annual 15% raises in 2d-class rates (newspapers & magazines); \$73 million from increased 3d-class rates (advertising matter). [See pp. 12C3, 11G2]

*Joined Keyserling in predicting more unemployment. †Confirmed Jan. 21 ‡Confirmed Jan. 24

The Defense Dept. Jan. 17 sent Congress a bill proposing selective military pay raises totaling \$729.7 million a year and providing individual increases of up to 25% for some 2d lieutenants, to 17% for some corporals. Top raise—\$145 a month—would go to major generals & vice admirals with more than 35 years' service; it would increase their pay to \$1,138.80 a month. The Defense Dept. Jan. 21 sent Congress 3 bills which would: (1) authorize the Admin.'s reserve plan under which 100,000 youths a year could volunteer for 6 months' training and the services would build a 2,950,000-man ready reserve & a 2-million-man stand-by reserve; (2) the present draft would be extended for 4 years; (3) the medical draft would be extended for 2 yrs. [See p. 21A2]

Housing & Home Finance Agency Admin. Albert M. Cole disclosed Jan. 18 that his agency had asked Congress to extend for 2 years the 35,000-unit-a-yr. low-cost public housing program and to modify restrictions which, he said, would prevent the full 35,000 units from being built in the current fiscal year. He asked for \$5 billion more of FHA mortgage insurance authority. All but \$500 million of the current \$21 billion authority had been used. [See p. 20A3]

Legislative Action

The House Veterans Affairs Com. Jan. 25 unanimously approved a bill to continue "GI Bill" educational benefits for men already in the armed forces or who enter before the Jan. 31 cut-off date for wartime benefits. The White House had announced Jan. 13 that Pres. Eisenhower favored it. A similar bill (S306) had been introduced in the Senate Jan. 11 by Sen. Lister Hill (D., Ala.). Hill & Sen. John J. Sparkman (D., Ala.) simultaneously introduced a bill (S302) to extend the veterans' loan program until July 25, 1960 (it was to expire in 1957). [See p. 3F1]

Among 166 bills introduced in the Senate Jan. 6, first day of actual business: Senate Joint Res. No. 1—Sen. John W. Bricker's (R., O.) proposed constitutional amendment limiting the President's treaty-making power [see Vol. XIV, p. 69D2]; a Universal Military Training proposal (S2) by Sen. Richard B. Russell (D., Ga.) (a similar proposal was introduced in the House by Rep. Carl Vinson, D., Ga.); a bill (S57) by Sen. H. Alexander Smith (R., N.J.) to raise the minimum wage from 75¢ an hr. to 90¢ [see p. 27E3]; Sen. Olin D. Johnston's proposal for postal (S1) & federal (S67) pay raises [see p. 12D3]; a measure (S49) granting statehood to Alaska & Hawaii, introduced by Sen. James E. Murray (D., Mont.) [see p. 11B3]; a bill (S114) by Sen. Everett M. Dirksen (R., Ill.) barring federal expenditures from exceeding revenues except in war or national emergency declared by Congress.

The first bill passed by the Senate (SJ Res. 4, approved by the Senate Jan. 6 & by the House Jan. 18) authorized ex-Sen. Homer E. Ferguson (R., Mich.) to continue on the Hoover

Comm. despite his defeat for reelection. [See Vol. XIV, p. 362F3]

Other Senate proposals: A bill to bar aid to nations trading with Communist China while the latter holds American prisoners was introduced Jan. 10 by Sen. Joseph R. McCarthy (R., Wis.). McCarthy Jan. 18 offered a measure to deny unemployment compensation to those who invoke the 5th Amend. before Congressional committees [see p. 4C3]. A proposal (SJ Res. 21) to create a bipartisan commission to review the Govt. security program was introduced Jan. 18 by Sens. Hubert H. Humphrey (D., Minn.) & John C. Stennis (D., Miss.) [see p. 13D1]. Sen. Mike Mansfield (D., Mont.) & 32 co-sponsors proposed Jan. 14 a joint Congressional committee to supervise the Central Intell. Agency.

(A record 1,738 bills were introduced in the House Jan. 5, the day Congress convened.) [See p. 4E1]

Committees Organize

Assignments to Senate committees were made by Senate Democratic leaders Jan. 10 & by Senate Republicans Jan. 11. The Senate formally approved the assignments Jan. 11. Democratic assignments to House committees were approved by the House Jan. 13. But House GOP leaders took until Jan. 19 to complete their committee placements. The House ratified the Republican choices Jan. 20. Democrats controlled both houses, & all committee chairmen were Democrats. Chairmen chosen:

SENATE

Agriculture—Allen J. Ellender (La.); **Appropriations**—Carl Hayden (Ariz.); **Armed Services**—Richard B. Russell (Ga.); **Banking & Currency**—J. Wm. Fulbright (Ark.); **Dist. of Columbia**—Matthew M. Neely (W. Va.); **Finance**—Harry F. Byrd (Va.); **Forgn. Relations**—Walter F. George (Ga.); **Govt. Operations & its Permanent Investigations Subcom.**—John L. McClellan (Ark.); **Interior & Insular Affairs**—Jas. E. Murray (Mont.); **Interstate & Forgn. Commerce**—Warren G. Magnuson (Wash.); **Judiciary**—Harley M. Kilgore (W. Va.); **Labor & Public Welfare**—Lister Hill (Ala.); **Post Office & Civil Svc.**—Olin D. Johnston (S.C.); **Public Works**—Dennis Chavez (N.M.); **Rules & Admin.**—Theo. F. Green (R.I.); **Small Business**—John J. Sparkman (Ala.) [See Vol. XIII, p. 14B for chairmen of Senate committees in 83d Congress]

HOUSE OF REPRESENTATIVES

Agriculture & Forestry—Harold D. Cooley (N.C.); **Appropriations**—Clarence Cannon (Mo.); **Armed Services**—Carl Vinson (Ga.); **Banking & Currency**—Brent Spence (Ky.); **Dist. of Columbia**—John L. McMillan (S.C.); **Forgn. Affairs**—Jas. P. Richards (S.C.); **Govt. Operations**—Wm. L. Dawson (Ill.); **House Admin.**—Omar Burleson (Tex.); **Interior & Insular Affairs**—Clair Engle (Calif.); **Interstate & Forgn. Commerce**—J. Percy Priest (Tenn.); **Judiciary**—Emanuel Celler (N.Y.); **Labor & Education**—Graham A. Barden (N.C.); **Merchant Marine & Fisheries**—Herbert C. Bonner (N.C.); **Post Office & Civil Svc.**—Tom Murray (Tenn.); **Public Works**—Chas. A. Buckley (N.Y.); **Rules**—Howard W. Smith (Va.); **Small Business**—Wright Patman (Tex.); **Un-American Activities**—Francis E. Walter (Pa.); **Veteran Affairs**—Olin E. Teague (Tex.); **Ways & Means**—Jere Cooper (Tenn.) [See Vol. XIII, p. 28G-J for chairmen in 83d Congress]

JOINT COMMITTEES

Atomic Energy—Sen. Clinton P. Anderson (N.M.); **Economic Report**—Sen. J. Wm. Fulbright (Ark.).

The Democratic Steering Com. Jan. 10 gave Senate Forgn. Relations Com. seats to Sen. (ex-Vice Pres.) Alben W. Barkley (D., Ky.) & to Sen. Wayne Morse (ind., Ore.). [See p. 4D1]

Sen. Clifford P. Case (R., N.J.) proposed at the Jan. 11 meeting of the Senate Republican Com. on Committees that Sen. Joseph R. McCarthy

(R., Wis.) be deprived of his Govt. Operations Com. post, but the motion was rejected. Case had promised to try to keep McCarthy off investigating committees. [Vol. XIV, 418B1]

Senate Republicans Jan. 11 increased their Policy Com. from 11 members to 23 to promote party unity. Sen. Barry M. Goldwater (Ariz.) was picked Jan. 11 as chairman of the Senate GOP Campaign Com.

Rogers Elected in Florida

Florida's 6th Congressional Dist. elected Paul G. Rogers (D.), 33, as Representative Jan. 11 to succeed his late father, Dwight L. Rogers [see Vol. XIV, p. 411G3]. He was sworn in Jan. 13, raising House Democratic membership to 232 vs. 203 Republicans. [See p. 4A1]

COMMUNISM & SECURITY

First 'Membership' Conviction

Claude M. Lightfoot, 45, Negro executive secy. of the Communist Party in Illinois, was convicted by a federal grand jury in Chicago Jan. 26 of violating the Smith Act prohibition against membership in an organization which the defendant knew was conspiring illegally to overthrow the Govt. He was freed under \$30,000 bail pending an appeal.

Lightfoot was the 81st CP leader convicted under the Smith Act, the first under its "membership" clause. [See Vol. XIV, p. 394B3]

2 Offer to Quit U.S.

2 convicted CP leaders offered in Fed. Dist. Court in New York Jan. 26 to leave the U.S. for "a country which will accept them" if their sentences were remitted. The offer was made by counsel for Russian-born U.S. citizen Jacob Mindel, 74, who had been sentenced to 2 years in jail & fined \$4,000, & British West Indies subject Claudia Jones, 40, whose penalty was one year in jail & a \$2,000 fine. They pleaded that they were too ill with heart ailments to serve. Federal Dist. Judge Edward J. Dimock, sentencing them & 11 other 2d-string Red leaders in 1953, had offered to suspend the jail terms of any who would go to Russia. [See p. 13C3; Vol. XIII, 37F]

Stassen Backs Ladejinsky

Forgn. Operations Dir. Harold E. Stassen released Jan. 18 a 1,200-word statement telling why he had cleared Wolf Ladejinsky as a security risk. According to Stassen:

(a) Ladejinsky "has never been a Communist"; (b) his 19-yr. record of Govt. service was "without a blemish"; (c) neither Ladejinsky's late parents nor his 3 sisters living in Russia were "known to be Communists"; (d) he worked for Russia's Amtorg only at a time (1930-31) when "many leading American business firms & engineers" worked for it; (e) "no one who personally knew Mr. Ladejinsky expressed to me any doubt of his loyalty or security" whereas some expressed certainty of his loyalty, security & ability; (f) during World War II Ladejinsky "& many thousands of loyal Americans" were on mailing lists of front groups "subsequently"

cited as subversive, but "he was not a member of any"; (g) he said his contacts with Soviet officials were in relation to his work or to sending food packages to relatives in Russia; (h) he wrote articles "not favorable to the Communist system," and there was "no evidence" that he ever wrote or spoke "favorably of communism"; (i) "no other pertinent information . . . adverse to his security or loyalty was found in a comprehensive review of all information available to all departments" of the U.S. Govt. [See p. 13E1]

Chrmn. Olin D. Johnston (D., S.C.) of the Senate Civil Cvc. Com. released Jan. 26 a letter in which Agriculture Secy. Ezra T. Benson explained why he had ousted Ladejinsky as agricultural attaché in Tokyo. Benson said Ladejinsky was technically not qualified and that his employment was not clearly consistent with national interest. But he denied any formal finding that Ladejinsky was a "security risk."

Other Attaches Dropped

It was reported Jan. 15 that, in addition to Ladejinsky, 2 or 3 other agricultural attachés had failed to pass Agriculture Dept. security scrutiny after being cleared by the State Dept. Of 54 agricultural attachés on the job when responsibility for them was transferred from State to Agriculture: 30 were accepted by the Agriculture Dept., 12 chose to remain in the State Dept. as career Forgn. Svc. officers, Ladejinsky was hired by the FOA after a bitter controversy, and the Agriculture Dept. refused to disclose the disposition of the remaining 11.

It was reported that the Agriculture Dept. planned to increase the number of agricultural attachés to about 80 and had upgraded at least 14 posts — including Ladejinsky's former post in Tokyo—from an \$8,300-\$11,800-a-yr. salary range to \$12,000-\$13,800. Some Democratic Congress members said the new jobs & higher pay were in the interest of political appointment.

Peress Probe Promised

The reorganized Senate Permanent Investigations Subcom. agreed unanimously Jan. 24 to make the Maj. Irving M. Peress case one of "our first projects" and to complete other communism investigations left "unfinished" by outgoing Chrmn. Joseph R. McCarthy (R., Wis.). McCarthy, in a letter made public Jan. 15, accused Army Secy. Robert T. Stevens of "deliberate deception" in failing to include Army Counselor John G. Adams & Lt. Gen. Walter L. Weible in a list of 30 persons involved in Peress' promotion & honorable discharge. [See p. 132B2-A3]

Senate Group Changes Rules

The subcommittee Jan. 18 adopted new rules under which: (a) persons accused by a committee member would have the right to reply; (b) accusations in closed session, made against persons unable to defend themselves, would be kept secret unless released by a majority vote; (c) witnesses

would get access to transcripts of testimony concerning them; (d) minority members would have the right to approve or oppose staff appointments; (e) the membership could force the chairman to hold a meeting by filing a written notice with the committee clerk; (g) the chairman could call meetings outside Washington only on notice of 48 hours or more.

(Robert F. Kennedy, 29, former subcommittee minority counsel, was retained as subcommittee chief counsel Jan. 24. Ex-FBI agent Donald F. O'Donnell became assistant chief counsel and James N. Juliana minority counsel.) [See p. 16F3]

OTHER U.S. NEWS

Joseph P. Ryan, 70, ex-pres. of the Intl. Longshoremen's Assn., was convicted by Fed. Judge Edmund L. Palmieri in New York Jan. 24 of violating the Taft-Hartley law by accepting \$2,500 from the J. Arthur Kennedy & Sons, Inc. trucking-stevedoring firm in 1950-51. [See Vol. XIV, p. 223A3] . . . AFL Teamsters Vice Pres. James R. Hoffa of Detroit announced in Miami Beach Jan. 26 that new contracts with 4 employer groups in 22 Midwestern & Southern states assured 185,000 truckmen a full week's pay if called to work for any part of a week. The pacts provided for hourly raises of 10¢ in 1955, 8¢ in 1956 & 8¢ in 1957, bringing scale ultimately to \$2.24-\$2.49 an hr. [See Vol. XIV, p. 401C2]

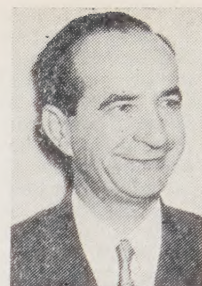
Puerto Rican migration to the mainland declined from 69,124 (net) in 1953 to 21,531 in 1954, lowest since 1945's 13,573, the P.R. Labor Dept. reported Jan. 16. The drop was believed caused by a decrease in mainland jobs & by Operation Bootstrap, which brought 335 new industries to Puerto Rico and cut unemployment 20%. [See Vol. XIV, p. 141G3]

LATIN AMERICA

Costa Rican Rebels Quit

The rebel invasion of northern Costa Rica was ended Jan. 25 when 300 insurgents crossed into Nicaragua and surrendered for internment. Costa Rican officials reported that Gen. Rafael Angel Calderon Guardia, exiled ex-President of Costa Rica regarded as leader of the rebels, and his brother, Col. Francisco Calderon Guardia, were among those interned.

The Org. of American States' investigating commission had arranged for Costa Rica & Nicaragua to establish Jan. 20 a frontier buffer zone closed both to land & air forces—a device to prevent hostile incidents between the 2 countries. Costa Rica reported Jan. 22 that an unsundered band of rebels had entered the neutral zone near Pena Blanca (extreme northern corner of Costa Rica) to escape the cleanup drive pressed by Costa Rican troops. The OAS Comm. decided Jan. 23 to abolish the neutral zone unless the rebels taking refuge there withdrew from the zone in 2 days. Nicaraguan Pres. Anastasio Somoza agreed to the OAS plan Jan.



FIGUERES



Wide World
SOMOZA

24 and said rebels retreating into Nicaragua were being interned. The last known group of rebels on Costa Rican soil marched into Nicaragua for internment next day at the deadline for opening the neutral zone to Costa Rican troops.

Costa Rican officials said they believed nearly all of the revolutionaries, estimated to total 500-600, had retreated to Nicaragua after their invasion attempt failed. (Ex-Pres. Teodoro Picado of Costa Rica, also in exile in Nicaragua, said Jan. 25 there would be "many more revolutions in Costa Rica until Pres. José Figueres is driven out.") [See pp. 22D3-23A1]

Guatemala. Govt. forces put down in one day Jan. 20 a revolt by Communist-led rebels who attacked the Aurora military base. 10 rebels were reported killed. Pres. Carlos Castillo Armas pledged Jan. 25 that his Admin. had adopted a new & tougher policy toward internal enemies. 300 persons had been arrested Jan. 26 as a result of the uprising. Among those arrested: Col. Francisco Cosenza, ex-Air Force chief & alleged leader of the plot, who was given asylum Jan. 22 by the Salvadoran Embassy; Col. Elfego Monzon, ex-Defense Secy. reported exiled Jan. 21 to Venezuela or Argentina; Lt. Col. Miguel Angel Mendoza, who was removed Jan. 24 as head of the Civil Guard (Guatemala's most important security post). [See p. 14D2]

Panama & the U.S. signed a new treaty Jan. 25 raising U.S. payments for rights to the Panama Canal from \$430,000 to \$1,930,000 a year. The U.S. also agreed to turn over parcels of Canal Zone land worth \$20-\$30 million to Panama. Pres. Ricardo Arias Espinosa asked Jan. 21 that the "progressive work," exemplified by the treaty, started by slain Pres. Remón be carried out. [See p. 23C1]

Paraguayan Govt. announced Jan. 25 that the deposed Colorado (Govt.) Party leader, Dr. Eulogio Estigarriba, was found to be ringleader of a plot to overthrow Pres. Alfredo Stroessner, 41. Estigarriba reportedly had left for Argentina after the plot was discovered & several of his cohorts arrested. [See Vol. XIV, p. 238B3] . . . Honduran Chief of State Julio Lozano Diaz issued a decree Jan. 24 granting women the right to vote & hold public office. [See Vol. XIV, p. 418C3]

ECONOMICS

Withdrawal of Govt. agencies wherever possible from activities in competition with private business was ordered Jan. 25 by Budget Dir. Rowland R. Hughes. He directed all agencies to complete by Apr. 15 an inventory of their commercial activities and report by July 15 which of their manufacturing activities could be shifted to private facilities. He specifically exempted such "activities of direct service to the public" as "land- ing, insurance, and the generation & sale of power." [See Vol. XIV, p. 434A2] . . . U.S. consumers price (cost of living) index declined 0.5% between mid-Nov. & mid-Dec. 1954 to 114.3% of the 1947-49 average, the Bureau of Labor Statistics reported Jan. 21. The December index was the lowest since May 1953. The BLS report showed also that the consumers index dropped one point during 1954 as a whole in comparison with the level at the end of 1953. A lowering of food prices was said to be the chief factor contributing to the year's COL decline. [See p. 7F2]

1954 STATISTICS

(Figures are for U.S. unless otherwise indicated. From Govt. & industry sources. Most rounded figures are estimates.)

	1954	1953
Indl. production†	125	134
Minerals output (value)	*\$13,820	*\$14,408
Soft-coal & lignite (tons)	*392	457,290,449
Steel output (tons)	*88.2	111,609,719
USSR steel output (tons)	*45	*41.7
Steel capacity (tons, ingots & castings, yr.-end)	*125,828,310	*124,330,410
Scrap iron exports (tons)	1,250,000	271,179
Copper shipments (tons)	*1.2	1,443,719
Bauxite output (long tons)	*1.9	*1.6
Sulphur output (long tons)	*6.6	*6¼
New rubber consumption (tons)...	1,205,000	1,338,000
Tire output:		
Passenger & motorcycle	*76	*81,431
Truck & bus	*12.3	*14.69
Tractor	*3.065	*3.756
Airplane	400,000	474,000
Elec. output (kwh.)	‡471,000	*442,000
Elec. sales (kwh.)	*409,500	*384,500
Elec. capacity (kw., yr.-end)	*107	*95.5
Elec. constructn. expndtrs.	*\$2,800	*\$2,876
Aircraft (airframe lb.)	*150	*150
Aircraft & equip. sales	*\$8,600	*\$8,500
Chemical industry sales	*\$19,900	*\$19,865
Petrochemical sales	*\$3,500	*\$3,000
Plastics resins output (lb.)	*2,714	*2,776,627
Construction permits	\$5,342,453,487	\$5,136,045,194
Non-farm housing starts	1,215,000	1,103,800
Shoe output (pair)...	*520	*535,031
Food consumed (value)	*\$64,000	*\$63,000
Grocery store sales	*\$34,700	*\$33,600
Milk output (lb.)...	*124,000	*121,200
Milk consumption (lb.)	*118,500	*117,000
Cotton crop (bales)	13,569,000	16,347,000
Retail sales	*\$170,806	*\$170,739
Vending machine sales	*\$1,750	*\$1,500

*In millions †Fed. Reserve Board; 1947-49=100 ‡Plus 72 billion kwh. produced by industrial & railway plants \$217 cities; Dun & Bradstreet *Record

. . . Rubber Producing Facilities Disposing Comm. asked Congress Jan. 24 to approve its sale of 24 Govt.-owned synthetic rubber plants to private interests for \$310,565,000 (effective Apr. 30 if Congress approved the terms by then). [Vol. XIV, p. 434A2]

Ford Motor Co. directors Jan. 25 elected Ernest R. Breech, exec. vice pres., as first chairman in the company's history. Henry Ford II remained as president & chief executive officer over Breech. [See Vol. XIV, p. 230D2] . . . Gen. Motors issued Jan. 26 a preliminary report that it earned \$806 million in net income in 1954 (\$9.08 a common

share) on sales totaling \$9.825 billion, its most profitable year except 1950. [See p. 24C1; Vol. XIV, 395C3] . . . World prices displayed "remarkable stability" during 1954 and increased only in Chile, Korea, Brazil, Laos & Uruguay, the Intl. Labor Org. reported Jan. 26. [See p. 19B1]

ARTS & SCIENCE

Atomic clock called a maser (derived from "microwave amplification by stimulated emission of radiation") invented by Dr. Charles Hard Townes, Columbia U. Physics Dept. chairman, was demonstrated in New York Jan. 26. The device measured time by isolating high-energy ammonia gas molecules, which vibrate 24 billion times a second. Townes said the maser would lose only one second every 300 yrs., a degree of accuracy unmatched by any other known timing device.

Innoculation tests of an anti-polio vaccine prepared from living polio viruses will be conducted for the next several years on 30 volunteer inmates of the Fed. Reformatory in Chillicothe, O., Dr. Albert B. Sabin of the U. of Cincinnati disclosed Jan. 18. (A Yale U. group led by Dr. Joseph Melnick reported at a N.Y. Academy of Science conference on polio Jan. 21 that it had found evidence that a 4th type of polio existed.) [See Vol. XIV, p. 419B2] . . . Rheumatoid arthritis has been treated experimentally with 2 new synthetic drugs, metacortandralone & metacortandracin, with results indicating that they (a) have no serious side effects and (b) are 3 to 4 times more effective than cortisone and 2 to 3 times more potent than hydro-cortisone, a group of Natl. Inst. of Health doctors reported Jan.



Business & Financial Summary

Week Ended Jan. 22

FINANCE:

U.S. Treasury—	This Week	Last Week	Year Ago
Monetary gold stocks	*\$21,714	*\$21,713	*\$22,006
Currency circulation	*\$29,959	*\$30,196	*\$30,083

Banks—

Com'l, ind'l & agri'l loans\$...	*\$22,237	*\$22,334	*\$22,846
N.Y. bank clearings	\$10,395,267,690	\$9,990,989,377	\$9,965,822,186
England note circulation	*\$1,677,755	*\$1,710,868	*\$1,543,209

N.Y. Stock Exchange—

Stock sales (shares)	14,016,960	17,369,420	9,017,601
Stock avgs. (100 stocks)**	179.64	180.14	149.64
Bond sales (par value)	\$25,878,300	\$25,712,500	\$22,736,100
Bond avgs. (30 bonds)**	100.69	100.91	99.14

INDUSTRY:

Auto output (cars & trucks)†	185,991	177,329	*137,681
Crude oil (bbls. daily)	6,689,200	6,574,400	6,332,550
Soft-coal output (tons)	*8,510,000	7,430,000	*8,190,000
Electric output (kwh.)	*9,928	*9,833	*9,013,905
Carloadings (cars)	644,940	602,203	619,871

PRICES:

	This Week	Last Week	Year Ago
Wheat (bu.)	\$2.74½	\$2.73¼	\$2.70½
Corn (bu.)	\$1.81½	\$1.83½	\$1.83½
Cotton (lb.)	\$.351	\$.3495	\$.3425
Steel scrap avg. (ton)	\$34.50	\$34.33	\$28.50
Wholesale food index‡	\$6.84	\$6.81	\$6.96
Weekly whlsl index (BLS)¶	110.1	110.1	110.9

BUSINESS:

Dept. store sales¶	109	106	85
Failures (Jan. 13)†	200	198	200
Forgn. Trade (Census Bur.)	Nov. 1954	Oct. 1954	Nov. 1953
Imports	*\$847	*\$763.2	*\$849
Exports	*\$1,219	*\$1,266.3	*\$1,247

*In millions **N.Y. Herald Tribune †Ward's estimate ‡Dun & Bradstreet ¶1947-49=100 §Fed. Reserve Board ¶Member banks, 94 cities, Jan. 12 ¶Jan. 15 ¶Jan. 8 ¶Jan. 18 ¶Revised

21 in the AMA Journal. [See Vol. XIV, p. 376D3] . . . Natl. Book Awards made (by book publishing & book-selling industry) in New York Jan. 25: to William Faulkner for *A Fable*, Joseph Wood Krutch for *The Measure of Man*, Edward E. Cummings (e e cummings) for *Poems: 1923-1954*. . . Sax Rohmer, 72, of White Plains, N.Y. sold film, radio & TV rights to his *Dr. Fu Manchu* stories to Republic Pictures for \$4 million Jan. 17.

NEW BOOKS

Alexandre Dumas. By André Maurois. Biog. of novelist. Jan. 24. (Knopf, 198 pp., \$2.50)†
 The Black Prince. By Shirley Ann Grau. 9 short stories about Southern life. Jan. 17. (Knopf, 294 pp., \$3.50)*
 The Bombay Meeting. By Ira Morris. Different aspects of intellectual life represented by writers' congress in India. Jan. 20. (Doubleday, 287 pp., \$3.95)*
 The Captain Leaves His Ship. By Jan Cwiklinski as told to Hawthorne Daniel. Captain of Polish ship Batory gives account of his break with communism. Jan. 20. (Doubleday, 313 pp., \$4)†
 The Four Winds. By David Beaty. Adventures of British airline pilot on Bermuda-to-Azores run. Lit. Guild Feb. choice. Jan. 20. (Morrow, 320 pp., \$3.50)*
 The Goodly Seed. By John Wyllie. British commandant of Japanese PW camp in Malaya comes to believe his good acts will live after him. Jan. 14. (Dutton, 218 pp., \$3)*
 Homecoming. By Jiro Osaragi. Transl. by Brewster Horwitz. Japanese exile returns to homeland after World War II. Jan. 17. (Knopf, 303 pp., \$3.75)*
 The Pleasure is Mine. By Mircea Vasiliu. Autobiog. of young Rumanian illustrator who gave up diplomatic career. Jan. 19. (Harper, 278 pp., \$3.50)†
 Pray For a Brave Heart. By Helen MacInnes. Spies & international jewel thieves in Iron Curtain struggle. Jan. 13. (Harcourt, Brace, 311 pp., \$3.75)*
 Politics in America. By Dennis W. Brogan. Study of U.S. political system by Scottish-born Cambridge U. prof. of political science. Jan. 19. (Harper, 467 pp., \$5)†
 A World of Love. By Elizabeth Bowen. 2 women in love with memory of dead man are joined by a 3d who discovers some lost love letters. Jan. 17. (Knopf, 244 pp., \$3.50)*

*Fiction †Non-fiction

OBITUARIES

Joao Alberto Lins de Barros, 58, Brazilian Diplomatic Minister, economist, editor; Jan. 26 in Rio de Janeiro of cancer.

Maurice Browne, 74, British theatrical producer & actor, founder of Little Theater movement in U.S.; Jan. 21 in Torquay, Eng.

Francisca Capdevila, reputedly wife of Spanish 'cellist Pablo Casals. (He broke self-imposed 19-yr. exile when he returned Jan. 22 for her funeral in Vendrell, Spain.)

A. S. Duncan-Jones, Dean of Chichester, 75, Church of England spokesman on foreign affairs, foe of Nazism & Communism; Jan. 19 in Chichester.

Robert Peter Tristram Coffin, 62, 1935 Pulitzer Prize poet (*Strange Holiness*), writer on New England themes, Bowdoin Coll. prof.; Jan. 20 in Portland, Me.

Archie Hahn, 74, 1904 Olympic sprint winner, Virginia U. track coach 1929-51; Jan. 21 in Charlottesville, Va.

Ira Hayes, 32, Pima Indian, one of 6 Marines who raised U.S. flag on Mt. Suribachi during Iwo Jima battle in World War II (1945); Jan. 24 in Sacaton (Ariz.) Indian Reservation of exposure and alcoholism. (The USMC announced Jan. 25 he would be buried in Arlington Natl. Cemetery near a new memorial surmounted by a statue depicting the Iwo Jima flag-raising as photographed by Joe Rosenthal of AP.) [See Vol. XIV, p. 438E1]

Maj. A. Franklin Kibler, 63, World War II U.S. 12th Army Group operations officer; Jan. 24 in Washington.

John H. Matthews, 72, commercial fishing expert, Natl. Fisheries Inst. founder; Jan. 24 in Brunswick, Me.

Elizabeth Cutter Morrow, 81, writer, educator, widow of ex-U.S. Amb.-to-Mexico Dwight W. Morrow, mother of Anne Lindbergh; Jan. 23, Englewood, N.J.

Dr. Ernest Carroll Moore, 83, educator, UCLA founder; Jan. 23 in Los Angeles.

Baron Louis Rothschild, 73, head of Austrian branch of banking family; Jan. 15 in Jamaica.

Attilio Salemme, 43, abstract painter; Jan. 24 in N.Y. of heart attack.

Adolf Senz, 86, wigmaker & makeup artist at Metropolitan Opera; Jan. 26 in New York.

Joseph E. Sheedy, 73, pres. Sea Trailers, Inc., ex-exec. vice pres. U.S. Lines & (post-World War I) U. S. Shipping Board Emergency Fleet Corp.; Jan. 24 in New York.

Frederick F. Umhey, 60, exec. secy. Intl. Ladies Garment Workers since 1934; Jan. 26 in New Rochelle, N.Y.

Frederick A. Virkus, 75, Conf. of Amer. Small Business Orgs. pres., GOP leader; Jan. 25, Hinsdale, Ill.

SPORTS

Winners

Bobsledding: world 2-man championship at St. Moritz, Switz. Jan. 23—won by Fritz Feierabend, 47, & Harry Warbourn of Switzerland in 5 min. 33.28 sec. for 4 1,600-meter heats. [See p. 24F2] . . . **Golf**: \$15,000 San Diego

(Calif.) open—won Jan. 23 by Tommy Bolt, 34, of Houston, for \$2,490. \$5,000 Tampa (Fla.) women's open—won Jan. 23 by Mildred (Babe) Zaharias of Tampa, for \$1,000. [See p. 24G2] . . . **Track**: *Inquirer* Games mile in Philadelphia Jan. 21—Wes Santee, 22, of Lawrence, Kan. defeated Gunnar Nielsen of Denmark in 4 min. 10.5 sec.; *Evening Star* Games mile in Washington Jan. 22—Nielsen defeated Santee in 4 min. 9.5 sec. [See Vol. XIV, p. 132F1]

Baseball Hall of Fame election (by poll of Baseball Writers Assn. of Amer.) announced Jan. 26: Joe DiMaggio, 40, ex-N.Y. Yankee center-fielder; Ted Lyons, 54, ex-Chicago White Sox pitcher; Dazzy Vance, 61, ex-Brooklyn pitcher; Gabby Hartnett, 54, ex-Chicago Cub catcher & manager. [See Vol. XIV, p. 272F2] . . . **Baseball stars signed for 1955**: (Jan. 21) outfielder-first baseman Stan Musial, 34, for about \$80,000 & 2d baseman Red Schoendienst, 32, for about \$40,000 by St. Louis; (Jan. 22) Brooklyn firstbaseman Gil Hodges, 30, for about \$33,500; Cleveland pitcher Bob Lemon, 33, for about \$50,000. [See p. 24B3] . . . **Settlement** for \$200,000 of a suit for \$12 million by the defunct Liberty Bdstg. System against 13 major league baseball clubs was announced Jan. 26 in Dallas. LBS charged that it was forced into bankruptcy by the clubs' refusal to let it broadcast their games. [See Vol. XIV, p. 80C2; XII, 179H, 76F] . . . **Bill Stewart**, 59, a NL umpire for 22 yrs., announced in Boston Jan. 21 he had retired because NL Pres. Warren Giles would not designate him as supervisor of NL umpires.

Sid Gilman, 43, U. of Cincinnati football coach, was named NFL Los Angeles Rams coach Jan. 25. [See Vol. XIV, p. 428E1] . . . **Robert L. (Bob) Blackman**, 36, Denver U. football coach, was appointed Dartmouth coach Jan. 26 to succeed De Ormand (Tuss) McLaughry, retired. . . . **U.S. Lawn Tennis Assn.** meeting in New York Jan. 22 scheduled its U.S. championship tourney in Forest Hills, N.Y. for Aug. 27-Sept. 5 and suspended 5th-ranking Gardner Mulloy from competing in USLTA events until Mar. 24 (for mismanagement of a tournament in Miami last February). [See Vol. XIV, p. 428G1] . . . **U.S. Atty. Gen. Herbert Brownell Jr.** recommended to Congress Jan. 25 that it prohibit transmission of gambling information on horse & dog racing via interstate & foreign communications facilities. The proposed law would not ban transmission of legitimate racing news for publication & broadcasting. [See Vol. XII, pp. 100M, 84H]

MISCELLANEOUS

Boston Prisoners Revolt

4 long-term inmates of Mass. State Prison in Boston who obtained weapons by overpowering guards held control of a cellblock for 4 days Jan. 18-21 with 5 guards & 6 convicts as hostages. The rebellious prisoners, who demanded that they be given a

car & permitted to escape, threatened during the siege to kill their hostages if an attempt were made to subdue them by force. The 4 surrendered Jan. 21 to a committee of Boston civic leaders of their own choosing (headed by *Christian Science Monitor* ed. Edwin D. Canham) after the committee heard their complaints against treatment in prison & legal obstacles to their eventual parole. The committee promised to seek an arrangement with state officials under which the convicts "would have some hope for the future."

Prisoners who staged the revolt: Theodore (Teddy) Green, 39, & Walter H. Balben, 38, convicted robbers; Fritz O. Swenson, 31, under life sentence for 2d degree murder; Joseph A. Flaherty, 32, convicted rapist. Green rejected during the siege 2 direct pleas by his daughter, Toby, 16, that he surrender.

Seine River flooded 6,000 homes & caused other minor damage in Paris Jan. 22-24. [See p. 24D3] . . . **Maldives Islands Prime Min. Ibrahim Ali Didi** appealed by radio Jan. 25 for food relief for 90,000 Maldivians left destitute by a recent hurricane. [See p. 16B2; Vol. XIV, 107C1]

Accidents: 39 men were reported killed & 60 others trapped underground by a coal mine explosion Jan. 24 near Zonguldak, Turkey. 30 persons were killed when an interurban bus crashed into a ravine & burned near Mexico City Jan. 21. Derailment of a passenger train Jan. 23 at Sutton Coldfield, Eng. caused 15 deaths. . . . **Rescue of 7 U.S. Navy men** whose amphibian plane crashed in the Pacific between Kwajalein & Johnson Islands Jan. 19 was carried out by a Coast Guard plane & the military transport *Fred C. Ainsworth* Jan. 23. The rescued men had spent 52 hrs. at sea in a life raft.

NAMES IN THE NEWS

Jack Koslow, 18, & **Melvin Mittman**, 17, were sentenced Jan. 24 in Brooklyn to life prison terms without eligibility for parole for the murder of Willard Menter. [See Vol. XIV, p. 428G2] . . . **Jacques Mornard**, who had served 2/3 of a 20-yr. prison sentence for the murder of Leon Trotsky in 1940, was denied a parole by the Mexican Interior Ministry Jan. 18. [See Vol. XIII, p. 430E2] . . . **Mrs. Helen Harris Weaver**, 52, wife of banker-rancher Harry Weaver, was killed Jan. 19 in San Angelo, Tex. by a bomb wired to the ignition of her husband's auto.

Jacqueline Cochran, first woman pilot to break the sound barrier, received the American Woman's Assn. Eminent Achievement Award Jan. 22 in New York. [See Vol. XIV, p. 351B2] . . . **Married**: Carol Lee Ladd, 21, daughter of actor Alan Ladd, to actor Richard Anderson; Jan. 22 in Hollywood. . . . **Divorced**: Harry (Alfred Renton) Bridges, 53, Intl. Longshoremen's & Warehousemen's Union pres., by Nancy Fenton Berdicio Bridges, 42, his 2d wife; Jan. 20 in Reno, Nev. on grounds of mental cruelty.